

ATTACHMENT A

MEAGHAN SCHMIDT

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In Re:

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

No. 08-01789(SMB)

SIPA LIQUIDATION

(Substantively
Consolidated)

Debtor.

IRVING H. PICARD, Trustee for the
Liquidation of Bernard L. Madoff
Investment Securities LLC,

Plaintiff,

vs.

Adv. Pro. No.
09-01182(SMB)

J. EZRA MERKIN, GABRIEL
CAPITAL, L.P., ARIEL FUND LTD.,
ASCOT PARTNERS, L.P., GABRIEL
CAPITAL CORPORATION,

Defendants.

VIDEOTAPED DEPOSITION OF MEAGHAN SCHMIDT

New York, New York

Thursday, June 29, 2017

CONFIDENTIAL

Reported By: BARBARA R. ZELTMAN

Job Number: 125946

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<p>1 MEAGHAN SCHMIDT</p> <p>2 Q Yes.</p> <p>3 A Alyssa Nann, Rich Bernard.</p> <p>4 Ms. Dasaro, Ms. Hoang,</p> <p>5 Ms. Vanderwal, Mr. Carney, John Carney, John</p> <p>6 Barr, James Bekier, Brian Esser, Regina</p> <p>7 Griffin, Melissa Kosack.</p> <p>8 I have met with a lot of them, so</p> <p>9 I'm not sure I'm able to recall all of their</p> <p>10 names.</p> <p>11 Q Approximately how many meetings</p> <p>12 have you had with counsel for the Trustee?</p> <p>13 A Since December 12, 2008?</p> <p>14 Q Yes.</p> <p>15 A A lot.</p> <p>16 Q More than ten?</p> <p>17 A Yes.</p> <p>18 Q More than 20?</p> <p>19 A Yes.</p> <p>20 Q More than 30?</p> <p>21 A Yes.</p> <p>22 Q More than 50?</p> <p>23 A Yes.</p> <p>24 Q Close to a hundred?</p> <p>25 A Over a hundred.</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 Q Over a hundred.</p> <p>3 Over 200?</p> <p>4 A Yes.</p> <p>5 Q And in general, what was the</p> <p>6 purpose of all these meetings?</p> <p>7 MS. HOANG: I'm just going to</p> <p>8 caution you. You can answer the</p> <p>9 question, but caution you not to</p> <p>10 disclose any privileged conversations</p> <p>11 you had with counsel.</p> <p>12 A Operational and financial</p> <p>13 discussions around things that were</p> <p>14 happening at 885 Third Avenue.</p> <p>15 Q Just a few definitional things.</p> <p>16 When I say "the Madoff matter," do</p> <p>17 you understand that I'm referring in general</p> <p>18 to the liquidation of Bernard L. Madoff</p> <p>19 Investment Securities and related</p> <p>20 litigation?</p> <p>21 A Yes.</p> <p>22 Q Okay.</p> <p>23 And when I say the "Merkin matter,"</p> <p>24 do you understand that I'm referring to the</p> <p>25 case brought by the Trustee against</p>
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<p>1 MEAGHAN SCHMIDT</p> <p>2 Mr. Merkin, Gabriel Capital, Ascot Partners,</p> <p>3 LP, Ascot Fund Limited, Ariel Fund Limited</p> <p>4 and Gabriel Capital, LP?</p> <p>5 A Yes.</p> <p>6 Q And when I say "the Funds," do you</p> <p>7 understand I'm referring to Ascot Partners,</p> <p>8 LP, Ascot Fund Limited, Ariel Fund Limited</p> <p>9 and Gabriel Capital, LP?</p> <p>10 A Yes.</p> <p>11 Q Do you understand that Gabriel</p> <p>12 Capital Corporation or GCC is a management</p> <p>13 company wholly owned by Mr. Merkin?</p> <p>14 A I do now. I did not before.</p> <p>15 Q And when I say "BLMIS," do you know</p> <p>16 I'm referred to Bernard L. Madoff Investment</p> <p>17 Securities?</p> <p>18 A Yes.</p> <p>19 Q When were you retained by the</p> <p>20 Trustee to work on the Madoff matter?</p> <p>21 A On Monday, December 15th.</p> <p>22 Q When did you first meet with the</p> <p>23 Trustee to discuss the engagement?</p> <p>24 A Monday, December 15th.</p> <p>25 Q And how did you come to be retained</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 by the Trustee?</p> <p>3 A We were previously working at 885</p> <p>4 Third Avenue under the SEC receiver and at</p> <p>5 the time of Mr. Picard's appointment, we</p> <p>6 were retained.</p> <p>7 Q How did you first hear about what</p> <p>8 was going on at 885?</p> <p>9 A On Thursday, December 11, we</p> <p>10 received a call from Lee Richards of</p> <p>11 Richards Kibbe & Orbe that Bernard L. Madoff</p> <p>12 Investment Securities was going to be put</p> <p>13 into SEC receivership. And that's the first</p> <p>14 time I had heard of it.</p> <p>15 Q Did Mr. Richards call you?</p> <p>16 A He called my partner, Harvey Kelly.</p> <p>17 Q And how did you learn about that</p> <p>18 call?</p> <p>19 A Mr. Kelly came to my desk and</p> <p>20 informed me that he had received a call and</p> <p>21 that was the conversation.</p> <p>22 Q Did Mr. Kelly ask you to do</p> <p>23 anything in response to that call?</p> <p>24 A He did.</p> <p>25 Q What did he ask you to do?</p>

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A He asked me to do some research on the Internet to see who Mr. Madoff was and if there was anything I could find on Bernard L. Madoff Investment Securities, which I'll also refer to as "BLMIS" going forward, if that's okay.

Q Of course.

Have you ever heard of Mr. Madoff prior to December 11, 2008?

A No.

Q Had you ever heard of BLMIS prior to December 2008?

A No.

Q And what did you learn when you started looking into Mr. Madoff?

A I found a Website, some You Tube videos, some Websites that set forth his donations.

I didn't learn much.

Q Prior to December 11, 2008, were you familiar with Mr. Merkin?

A No.

Q Were you familiar with GCC?

A No.

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Q Were you familiar with the Funds?

A No.

Q At some point, did you become familiar with Mr. Merkin?

A No. Him personally, no.

Q When did you first hear about Mr. Merkin?

A Other than there were accounts set up for his businesses. I don't specifically know when. I don't recall specific conversation, you know, related to that.

Q So just to clarify, you've never met Mr. Merkin?

A I have not.

Q And you've never had a specific discussion with anyone about him?

A Him personally? No.

Q And have you ever had a discussion specifically about Ascot Partners?

A With respect -- I mean, other than they, you know, had an account. There were accounts there. I don't recall any specific detail about a conversation related to that account.

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Q Who first told you about the existence of Ascot Partners, LP?

A I don't recall.

Q Have you ever had a specific discussion about Ascot Fund Limited?

A Other than there's accounts at the -- no. I don't recall.

Q Have you ever had a specific discussion about Ariel Fund Limited?

A Other than there were accounts there.

Q And do you recall who that discussion might have been with?

A No.

Q And what about Gabriel Capital, LP, have you ever had a specific discussion about Gabriel Capital, LP?

A Other than there's accounts there, no.

Q When did you learn that Ascot Partners, LP had an account at BLMIS?

A Don't recall.

Q But at some point, you did learn that Ascot Partners, LP had an account,

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correct?

A Yes.

Q At BLMIS.

And how did you learn that Ascot Partners, LP had an account at BLMIS?

MS. HOANG: I think she --

Go ahead.

A There's a listing of accounts and account numbers and, you know, somebody told me. I don't remember who.

Q And when did you learn that Ascot Fund Limited had an account with BLMIS?

A I don't recall.

Q Do you know how you might have learned that Ascot Fund Limited had an account with BLMIS?

A Either through conversation or, you know, review of an account listing, but I don't recall when that took place.

Q Do you remember what year that you would have learned that information?

A No.

Q Was it some time after December 11, 2008?

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<p>1 MEAGHAN SCHMIDT 2 AlixPartners has billed in total in 3 connection with the Madoff matter? 4 A No. 5 Q Do you know if it's in excess of 6 \$75 million? 7 A Yes. 8 Q Do you know if it's in excess 9 \$100 million? 10 A I do not know. 11 Q AlixPartners has billed in excess 12 of \$75 million to this case, correct? 13 MS. HOANG: Object to the form. 14 Go ahead. 15 A Yes. 16 Q Do you know how much AlixPartners 17 has billed in connection with the Merkin 18 matter? 19 A I don't understand the question. 20 Q Are you billing for your time 21 during this deposition today? 22 A Yes. 23 Q And for the meetings you had with 24 counsel for the Trustee, did you bill for 25 those, for your time?</p>	<p>1 MEAGHAN SCHMIDT 2 A Yes. 3 Q And do you know if AlixPartners has 4 done any other work in connection with the 5 Merkin matter? 6 A Specifically with this case? 7 Q Yes. Picard v. Merkin. 8 A Not that I am aware of, no. 9 Q Okay. 10 Do you know approximately how much 11 time you spent preparing for your deposition 12 today? 13 MS. HOANG: Asked and answered. 14 Go ahead. 15 A Six to eight hours. 16 Q What was your responsibility in 17 connection with the Madoff matter -- or what 18 did you understand your responsibility to be 19 in connection with the Madoff matter when 20 you were retained in December 2008? 21 MS. HOANG: Objection to form. 22 You can answer. 23 A We were retained to investigate 24 what happened and identify and preserve and 25 secure the financial information and the</p>
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<p>1 MEAGHAN SCHMIDT 2 assets at 885 Third Avenue, as well as any 3 assets connected with BLMIS. 4 Q And what was your role with respect 5 to identifying and preserving information? 6 A I met with BLMIS employees to 7 understand the scope of BLMIS. 8 I worked in securing the various 9 BLMIS locations. 10 Q What do you mean by "securing the 11 various BLMIS locations"? 12 A AlixPartners had retained a 13 locksmith to change the locks at the various 14 Madoff locations. 15 Q When was that? 16 A That was on Friday, 17 December 12th. 18 Q Did you have a team working with 19 you on preserving and identifying 20 information? 21 A Yes. 22 Q Who was on that team? 23 A What time? 24 Q When you were first retained in 25 December 2008.</p>	<p>1 MEAGHAN SCHMIDT 2 A Myself, Harvey Kelly, Dennis 3 O'Connor, Matt Cohen, Bill Kingsford, Seth 4 Alter, Vineet Sehgal, Brett Roberson, Sean 5 Renshaw. 6 There's a few other names, 7 colleagues that were with us initially that 8 I just can't remember -- 9 Q And were you supervising everyone 10 that you just listed? 11 A No. 12 Q Who were you supervising, if 13 anyone? 14 A I would have supervised a team, a 15 woman name Lauren Schulman, and a gentleman, 16 Craig Otterman. 17 And there may have been a few 18 others that I'm not remembering right now. 19 Q And was there anyone supervising 20 your work? 21 A Yes. 22 Q Who was that? 23 A Harvey Kelly, Dennis O'Connor, and 24 Matt Cohen. 25 Q Did you keep any records of your</p>

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<p>1 MEAGHAN SCHMIDT</p> <p>2 work preserving and identifying information</p> <p>3 at BLMIS?</p> <p>4 A What do you mean by "records"?</p> <p>5 Q Well, you mentioned you took notes.</p> <p>6 Did those notes include information about</p> <p>7 the preservation and identification of</p> <p>8 information at BLMIS?</p> <p>9 A They may have notes jotted down</p> <p>10 with respect to the locksmith, conversations</p> <p>11 regarding the card swipe system or contacts</p> <p>12 that I had made with building security.</p> <p>13 They could be in there, yes.</p> <p>14 Q Did you produce any memos regarding</p> <p>15 your identification or preservation of</p> <p>16 information at BLMIS?</p> <p>17 A Me personally? Not that I'm aware</p> <p>18 of.</p> <p>19 Q Did anyone else at AlixPartners --</p> <p>20 Sorry. Did I interrupt you?</p> <p>21 A I may have. I don't recall</p> <p>22 specifically producing a memo, a formal</p> <p>23 memo.</p> <p>24 Q Okay.</p> <p>25 MS. HOANG: Just clarify when</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 you say "produce."</p> <p>3 A So if it was in my -- I don't</p> <p>4 remember physically typing a formal</p> <p>5 memorandum on AlixPartners' letterhead</p> <p>6 describing the preservation process.</p> <p>7 Q Are you aware of anyone else that</p> <p>8 may have produced -- excuse me.</p> <p>9 Are you aware of anyone else that</p> <p>10 wrote a memo regarding document preservation</p> <p>11 and information identification at BLMIS?</p> <p>12 A Someone on my team may have, but</p> <p>13 I'm not familiar with a specific memo.</p> <p>14 Q How did you keep track of what</p> <p>15 information you looked at?</p> <p>16 A When you say what I "looked at,"</p> <p>17 what do you mean by that?</p> <p>18 Q Did you look at records or</p> <p>19 documents at BLMIS?</p> <p>20 A Yes.</p> <p>21 Q And how did you keep track of the</p> <p>22 records and documents you looked at at</p> <p>23 BLMIS?</p> <p>24 A Are you asking me if I looked at a</p> <p>25 document, if I kept it -- like, I wrote down</p>
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<p>1 MEAGHAN SCHMIDT</p> <p>2 what document I specifically looked at?</p> <p>3 Q Yes, did you keep track of what</p> <p>4 documents you specifically looked at at</p> <p>5 BLMIS?</p> <p>6 A No.</p> <p>7 Q How did you decide what documents</p> <p>8 to look at?</p> <p>9 A I mean, there were certainly</p> <p>10 documents that if I saw something, I would</p> <p>11 pick it up and look at it just to see what</p> <p>12 it was.</p> <p>13 There were interviews with</p> <p>14 employees. And to the extent that they</p> <p>15 referenced a specific document, I would take</p> <p>16 efforts to go find the document and</p> <p>17 physically look at it.</p> <p>18 Q What was the purpose of your</p> <p>19 interviews with employees?</p> <p>20 A To get an understanding of their</p> <p>21 roles and responsibilities and to get the</p> <p>22 knowledge acquisition, is how I would</p> <p>23 classify it.</p> <p>24 Q Did counsel for the Trustee ever</p> <p>25 direct your attention to any documents at</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 BLMIS?</p> <p>3 A Direct me to documents at BLMIS?</p> <p>4 Umm, I don't specifically recall if there</p> <p>5 was a request.</p> <p>6 I mean, if they had asked if I had</p> <p>7 known where certain documents were and they</p> <p>8 had directed them, but I don't specifically</p> <p>9 recall if they directed me to anything</p> <p>10 specifically.</p> <p>11 Q What about in preparation for this</p> <p>12 deposition, did counsel direct your</p> <p>13 attention to any documents?</p> <p>14 A We did look at some select</p> <p>15 documents, yes.</p> <p>16 Q What documents were those?</p> <p>17 A We looked at floor plans and then</p> <p>18 examples of an account maintenance folder,</p> <p>19 customer statements, trade confirms, PMRs,</p> <p>20 PMTs.</p> <p>21 I think that's it.</p> <p>22 Q Were any of those documents you had</p> <p>23 seen before?</p> <p>24 A Yes.</p> <p>25 Q Which ones?</p>

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<p>1 MEAGHAN SCHMIDT 2 A I had seen all of those types of 3 documents before. 4 Q Do you know whether you had seen 5 those specific documents before? 6 A No. 7 Q Did you review each of the 8 documents in their entirety? 9 A At what time? 10 Q In preparation for this deposition. 11 A No. 12 Q And did you request any documents 13 in preparation for this deposition? 14 A I obtained a copy of my criminal 15 trial testimony. 16 Q Anything else? 17 A I received a copy of the floor 18 plans. That would be it. 19 Q Did you receive any summaries of 20 documents in preparation for this 21 deposition? 22 MS. HOANG: Objection. 23 You can answer. 24 A Summaries, no. 25 Q You mentioned earlier that you had</p>	<p>1 MEAGHAN SCHMIDT 2 testified in a criminal trial in connection 3 with the Madoff matter? 4 A Yes. 5 Q Have you ever -- in addition to 6 this case, the Merkin matter and the 7 criminal matter, have you been involved with 8 any other cases brought by Mr. Picard as the 9 Madoff Trustee? 10 MS. HOANG: Object to the form. 11 You can answer. 12 A In what capacity? 13 Q In any capacity. 14 A I don't think so. I don't know if 15 any of my work was specifically requested 16 related to a specific case that was brought 17 on. 18 Q Have you ever discussed testifying 19 in any other case brought by Mr. Picard? 20 MS. HOANG: Just -- I'm 21 cautioning the witness not to 22 disclose privileged communication. 23 A So, are you asking me if the 24 Trustees asked me to testify in other 25 matters besides this one?</p>
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<p>1 MEAGHAN SCHMIDT 2 Q Besides Merkin and besides the 3 criminal matter. 4 A No, I don't believe so. 5 Q Have you ever discussed testifying 6 as an expert in any matter brought by the 7 Trustee? 8 MS. HOANG: Again, I'm going to 9 caution you not to disclose 10 privileged communications. 11 A No, I don't believe so. 12 Q Did you ever discuss with counsel 13 for the Trustee testifying as an expert in 14 the Merkin case? 15 MS. HOANG: Objection. 16 Privileged. 17 (Directive.) 18 A No. 19 Q Are you aware that the Trustee has 20 put you on their witness list as a witness 21 with knowledge sufficient to authenticate 22 BLMIS' books and records? 23 A Yes. 24 Q Have you reviewed all the documents 25 that the Trustee has asked you to</p>	<p>1 MEAGHAN SCHMIDT 2 authenticate? 3 A All of the documents? 4 Q Yes. 5 A If the question is have I reviewed 6 all the business records of Madoff, I myself 7 have not done that, no. 8 Q Has the Trustee told you that 9 you'll be testifying with respect to all of 10 the business records with -- with respect to 11 all the business records of BLMIS? 12 MS. HOANG: Objection to form. 13 Go ahead, if you understand. 14 A Yes. 15 Q Have you reviewed all the business 16 records of BLMIS? 17 A I have not reviewed every single 18 piece of paper from BLMIS. 19 Q How do you intend to authenticate 20 documents you haven't reviewed? 21 MS. HOANG: Objection. 22 I mean, you are asking her to give 23 a legal conclusion about authentication. 24 Why don't you ask her what she did at 25 BLMIS.</p>

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<p>1 MEAGHAN SCHMIDT 2 Q You can answer. 3 A I mean -- 4 MS. HOANG: If you understand 5 "authentication," what that means. 6 A I've reviewed business records from 7 BLMIS. 8 Q How do you intend to authenticate 9 documents that you haven't reviewed? I 10 understand you've reviewed some, but how do 11 you intend to authenticate documents you 12 have not reviewed? 13 MS. HOANG: Objection to form. 14 You can answer, if you understand. 15 A I don't know what documents -- I'd 16 have to see what documents you are referring 17 to that I haven't reviewed. 18 Q Are there some customer statements 19 you haven't reviewed? 20 A With respect to specific customers? 21 Yes. I haven't reviewed every single 22 customer statement. 23 Q How would you intend to 24 authenticate a customer statement that you 25 had never seen before?</p>	<p>1 MEAGHAN SCHMIDT 2 MS. HOANG: Objection. Again, 3 to "authentication." 4 You can answer, if you understand. 5 A I don't specifically know what 6 customer statements I haven't seen before. 7 I've seen customer statements. 8 There's thousands of customers. 9 Q And you haven't seen all of the 10 customer statements, correct? 11 A Right. 12 Q On what basis do you intend to 13 authenticate customer statements that you 14 have reviewed? 15 MS. HOANG: Objection. Again, 16 to "authenticate." 17 A As I said earlier, I don't know 18 what statements I have and have not 19 reviewed. But if you show me a customer 20 statement, I could tell you if that was a 21 BLMIS customer statement. 22 Q And how would you know that it's a 23 BLMIS customer statement? 24 A Because I've seen them before. 25 Q Where?</p>
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<p>1 MEAGHAN SCHMIDT 2 A At 885 Third Avenue. 3 Q Did you ever create a BLMIS 4 customer statement? 5 MS. HOANG: Objection to form. 6 Go ahead. 7 A I have never created a customer 8 statement before, no. 9 Q Did you ever witness someone 10 creating a customer statement? 11 MS. HOANG: Are you talking 12 about specifically a BLMIS customer 13 statement? 14 Q Yes. 15 Did you ever witness someone 16 creating a BLMIS customer statement? 17 A When you say "create," do you mean 18 print out on paper or electronically create 19 a customer statement? 20 Q Did you ever witness someone 21 electronically create a customer statement? 22 A And when you say "customer 23 statement," like the actual format of the 24 customer statement or the inputs into a 25 customer statement?</p>	<p>1 MEAGHAN SCHMIDT 2 Q The inputs. 3 A I have not, no. 4 Q Did you create the actual format of 5 the customer statements at BLMIS? 6 A No. 7 Q Do you know who created the actual 8 format of the customer statement at BLMIS? 9 A I do not. 10 Q Do you know who input the 11 information into the customer statements at 12 BLMIS? 13 A Individuals who worked on the 14 17th floor. 15 Q How do you know that? 16 A From interviews and discussions 17 with employees. 18 Q Anyone specific? 19 A Sitting here today, I wouldn't know 20 specifically. 21 Q Is it true that you have no 22 personal firsthand knowledge of who input 23 information into the customer statements? 24 A That's correct. 25 Q Is it true that you have no person</p>

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firsthand information as to who created the
form for the customer statements?
A That's correct.
Q Is it true that you have no
personal firsthand knowledge as to who
created the BLMIS trade confirmations?
A That's correct.
Q Have you ever met Bernard Madoff?
A No.
Q Have you ever met any of the
employees of BLMIS?
A Yes.
Q Who have you met?
A All of them.
Q Can you name them, please?
A I'll try.
Annette Bongiorno, Eric Lipkin,
Jodi Crupi, Erin Reardon, Robert Cardile,
Winifer Jackson, Elithia Muy, I think her
last name was M-U-Y. I think her last name
is M-U-Y, I don't know how to pronounce it.
Elaine Solomon, Peter Madoff, Shana Madoff.
The receptionist. I can't think of her name
right now.

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Ed Coughlin, Danny Duffy, Dan
Bonventre, John Bonventre, the Ferraro
brothers. Andrew Connelly, Kevin Fong,
Debbie Koster, Craig Kugel, David Kugel, the
general counsel, Rick something. Elvis
Torres. The Sibley brothers.
I'm trying to -- there were so many
of them and it's been so long, but those are
ones that come to mind.
Q And when did you first meet
employees of BLMIS?
A The morning of December 12th.
Q And had you ever met any of the
people you just listed prior to December 12
of 2008?
A No.
Q And how often did you meet with the
employees you just listed?
A I had interactions with them every
day that they were at 885.
Q What was the time period that you
were interacting with the employees at
BLMIS?
A Well, from December 12, 2008 to

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whenever they were terminated.
If they were onsite, I may have
bumped into them in the hallway, I may have
had a conversation with them. It varied.
Q Between December of 2008 and
June 2009, how often were you at the BLMIS
offices?
A With the exception of some
weekends, I was there every day.
Q And did you take any notes during
your interactions with the BLMIS employees?
A Yes.
Q Did you write any memos regarding
your interactions with the BLMIS employees?
A I don't know if I specifically
typed any formalized memos up. I don't
recall.
Q Did you ever discuss Mr. Merkin
with any of the employees at BLMIS?
A I don't believe so.
Q Did you ever meet Frank DiPascali?
A I did not.
Q Did you ever discuss any of the
Funds with any of the employees for BLMIS?

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A I don't believe so, no.
Q Did you discuss any other BLMIS
account holders with the employees that you
listed?
A I may have had conversations about
account holders, yes.
Q Which account holders did you
discuss?
A I don't specifically recall sitting
here today.
Q Who did you have discussions about
account holders with?
A Jodi Crupi.
If any of the employees themselves
were account holders, I would have spoken to
them.
Could you repeat the question just
so I can make sure I answer it completely?
Q Who did you have discussions about
account holders with?
A And possibly the FBI.
Q What did you discuss with
Ms. Crupi?
A There were documents on her desk

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<p>1 MEAGHAN SCHMIDT 2 that reflected transactional information 3 within customers' accounts that she 4 maintained and so I would have asked her 5 about those documents. 6 Q And what did she tell you? 7 A She would have described what the 8 documents were that she was maintaining 9 which reflected redemption requests or 10 specific cash deposits or withdrawals. 11 We talked about account maintenance 12 folders, as an example. 13 Q And what did you discuss with the 14 employees that had BLMIS accounts? 15 A They were questioning what the 16 status of those accounts would be, what was 17 going to happen -- you know, what happened 18 to their money. 19 It was more an identification that 20 they had had the account and, you know, what 21 would happen. 22 Q Did you respond to those questions? 23 A I may have told -- I did respond, 24 but I don't think I had enough information 25 to tell them what would happen to the</p>	<p>1 MEAGHAN SCHMIDT 2 accounts at the time. 3 Q What did you tell them? 4 A That I didn't know what was going 5 to happen to their accounts. 6 Q Was there a reason that Ms. Crupi 7 was maintaining certain account records? 8 A A reason? 9 MS. HOANG: Objection to form. 10 Go ahead. 11 A Other than that I understood that 12 that was one of her responsibilities, her 13 job responsibilities. 14 Q Do you know if Ms. Crupi was 15 responsible for maintaining records for all 16 accounts at BLMIS? 17 A All accounts? I can't say that. I 18 don't know that. 19 Q Why were there certain records on 20 her desk that you just discussed with her? 21 MS. HOANG: Objection. 22 Go ahead and answer. 23 A She maintained what I'll call the 24 checkbook records, which reflected cash 25 deposits and withdrawals related to the</p>
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<p>1 MEAGHAN SCHMIDT 2 JPMorgan Chase 703 bank account. 3 Q Were any of those records related 4 to Mr. Merkin? 5 A I can't say for sure. I don't 6 know. 7 Q Do you recall if there was a check 8 record for Ascot? 9 A If there was a deposit or a 10 withdrawal, she would have reflected it on 11 the card -- it was a running -- the index 12 card would maintain balances that were in 13 the checking account for 703. 14 Q Do you recall whether there was any 15 information about the Merkin funds on 16 Ms. Crupi's desk? 17 A I don't specifically recall. I 18 wouldn't have known at the time who the 19 Merkin funds were. 20 Q How many employees were there at 21 BLMIS as of December 2008? 22 A On the employee list or physically 23 present at 885 Third Avenue? 24 Q First, tell me how many were on the 25 employee list?</p>	<p>1 MEAGHAN SCHMIDT 2 A At least 150. 3 Q And about how many employees were 4 present at the offices at 885 Third Avenue 5 on December 11, 2008? 6 A I don't know because I wasn't 7 there. 8 Q Excuse me. Sorry. 9 How many employees were present at 10 the offices at 885 Third Avenue on 11 December 12, 2008? 12 A I would be guessing right now. I 13 honestly don't know. 14 Q More than 15? 15 A Yes. 16 Q More than 50? 17 A Yes. 18 Q More than 75? 19 A I don't know. 20 Q How many floors of 885 Third Avenue 21 did BLMIS occupy? 22 A What do you mean by "occupy"? 23 Q Have offices on. 24 A Offices, there were three floors of 25 offices. The 17, 18, and 19th floor.</p>

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A Okay.

So I have never physically entered journal entries into the general ledger of BLMIS.

Q Do you know who did?

A Yes, I do.

Q Who? Who was that?

A Dan Bonventre and Dan Pennachio are two that I can think of.

Q And how do you know that?

A Well, A, they told me; B, I've observed journal entries being entered into the system, and we've reviewed the system so you're able to see who makes journal entries.

Q All the journal entries you're referring to were made after December 12, 2008?

A I don't know if -- when we were working with the accounting systems, Mr. Pennachio, as an example, pulls up the Great Plains accounting system to provide us with extracts of the general ledger system on December 12, 2008, and so he would have

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showed me the process by which he would have entered a journal entry into the system.

Q With respect to any journal entry that was entered into the system prior to December 12, 2008, you don't have any firsthand knowledge as to whether that entry was accurate; is that correct?

A What do you mean by "accurate"?

Q What do you think "accurate" means?

A If there were journal entries that were made into the system prior to me arriving on December 12th, I reviewed journal entries and I tested them, and so to the extent that I tested a transaction journal entry that was made into the system and there was underlying supporting documentation for it, I would have validated that entry.

And it may have been equal to the -- the supporting documentation may have supported and equated to the entry and so, therefore, I would say that that would have been an accurate entry.

Q What supporting documentation are

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you referring to?

A Invoices as an example.

Q Invoices to or from BLMIS?

A Invoices to or from BLMIS, yes.

Q And do you have any firsthand knowledge as to the accuracy of those invoices?

A If BLMIS receives an invoice that they had to make a payment on, there would be an underlying documentation. Whether or not that was an agreed upon price, I don't know the answer to that. I just know it was on the document.

Q You don't have any firsthand knowledge of what the agreed upon price might have been for a given invoice?

A No.

Q And with respect to account statements and trade confirmations, you don't have any firsthand knowledge of the accuracy of any of those entries, do you?

MS. HOANG: Objection to form.

Go ahead.

A No.

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Q So turning back to your discussion with Mr. Picard -- excuse me.

And with respect to account statements and trade confirmations, you don't have any firsthand knowledge as to whether those records were maintained in the ordinary course of business at BLMIS, correct?

MS. HOANG: Objection to form.

A Can you repeat your question?

Q With respect to account statements and trade confirmations, you don't have any firsthand knowledge as to whether those records were maintained in the ordinary course of business at BLMIS, correct?

MS. HOANG: Same objection.

A I did not witness anybody preparing those documents firsthand, no.

Q So the answer to my question is no, correct?

MS. HOANG: Same objection to form.

A That's right.

Q Turning back to your discussions

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<p>1 MEAGHAN SCHMIDT 2 with Mr. Picard, did any of your discussions 3 with Mr. Picard relate to the books and 4 records of BLMIS? 5 MS. HOANG: Just caution the 6 witness not to disclose privileged 7 information -- communications. 8 Sorry. 9 A I did have conversations with 10 Mr. Picard about the books and records. I'm 11 not sure if those were when he was alone or 12 not. 13 Q What did you discuss? 14 MS. HOANG: Again, same caution 15 to the witness. 16 A I would have discussed some of 17 understanding that I had gathered with 18 respect to the general ledger system and 19 what we, AlixPartners, did prior to his 20 arrival with respect to identifying, 21 preserving and securing that information. 22 Q What did AlixPartners do with 23 respect to preserving and securing the books 24 and records of BLMIS? 25 A Well, we physically secured the</p>	<p>1 MEAGHAN SCHMIDT 2 locations associated with BLMIS that may 3 have maintained the books and records. 4 So as I mentioned earlier, we 5 talked about physically changing the locks 6 to certain locations, the Long Island City 7 warehouse, the Bulova Corporate Center, as 8 well as the offices and locations at 885 9 Third Avenue. 10 We worked with building security at 11 885 Third Avenue to cut off the building 12 card access for the employees there. 13 We also shut down what I'll call 14 the card swipe system that allowed employees 15 to enter the floors that the BLMIS business 16 occupied. 17 We would have run backups on the 18 servers in the various systems to make sure 19 that those were preserved. 20 And we -- so the servers -- I'm 21 trying think if there's anything else. 22 That's some, to name a few. 23 Q Who took custody of the backups of 24 the servers that AlixPartners made? 25 A Somebody on my team.</p>
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<p>1 MEAGHAN SCHMIDT 2 Q Were you involved in that process? 3 A Not directly, no. 4 Q Did you review any of the data that 5 was collected from the servers? 6 A At what point in time? 7 Q At any point. 8 A Via the AlixPartners collection? 9 When you say did we view what was collected, 10 via the collection we physically made or 11 what's your question? 12 Q Is there more than one collection? 13 A Well, I obtained information from 14 the servers prior to us making that 15 collection. So that's why I'm asking you 16 the question. 17 Q What information did you obtained 18 from the servers prior to making the 19 collection? 20 A I received specific general ledger 21 accounting information prior to AlixPartners 22 making the collection of the servers. 23 Q And did you review the specific 24 general ledger accounting information? 25 A I did.</p>	<p>1 MEAGHAN SCHMIDT 2 Q Did you take notes on your review? 3 A I would have performed some type of 4 analysis of what I was provided. 5 Q Can you describe the analysis? 6 A I would have reviewed whatever 7 accounting information was provided to me. 8 I would have likely made -- I would have 9 sampled it so that I wasn't looking at every 10 single transaction. And I would have 11 requested some type of supporting 12 documentation so that I could validate those 13 particular transactions that were entered 14 into the system. 15 Q And what sort of supporting 16 documentation did you receive? 17 A Invoices. 18 Q And who gave you those invoices? 19 A Dan Pennachio. 20 Q And who is Dan Pennachio? 21 A He was the accounts payable 22 clerk -- he was responsible for accounts 23 payable. 24 Q Was he an employee of BLMIS? 25 A Yes.</p>

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<p>1 MEAGHAN SCHMIDT</p> <p>2 Q In addition to reviewing</p> <p>3 information for the general ledger, did you</p> <p>4 review any other electronic information from</p> <p>5 BLMIS?</p> <p>6 A Employee listing. In all points</p> <p>7 and time I was at 885 Third Avenue?</p> <p>8 Q Yeah, at any point.</p> <p>9 A I reviewed bank statements. I</p> <p>10 reviewed payroll records. That's what comes</p> <p>11 to mind right now.</p> <p>12 Q For what purpose did you review the</p> <p>13 bank statements and payroll records?</p> <p>14 A With respect to the bank</p> <p>15 statements, we were trying to get a handle</p> <p>16 of the inflows and outflows of monies into</p> <p>17 the bank accounts and we were comparing</p> <p>18 those inflows and outflows and trying to</p> <p>19 gain insight as to how monies were moving</p> <p>20 and how that may have compared to something</p> <p>21 like, you know, the Jodi checkbook file, as</p> <p>22 an example, those index cards I had</p> <p>23 previously described.</p> <p>24 What was the other -- bank</p> <p>25 statement -- could you repeat the question?</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 Q And payroll documents.</p> <p>3 A Payroll documents.</p> <p>4 So with respect to payroll</p> <p>5 documents, we were comparing those payroll</p> <p>6 records to the employee listing to make sure</p> <p>7 that people who were receiving payroll or</p> <p>8 salary were actual employees of the</p> <p>9 business.</p> <p>10 Q Did AlixPartners collect all the</p> <p>11 electronic records of BLMIS?</p> <p>12 A Yes.</p> <p>13 Q Did you have any role in that</p> <p>14 collection process?</p> <p>15 A Yes.</p> <p>16 Q What was your role?</p> <p>17 A To the extent that I identified a</p> <p>18 piece of media, such as a thumb drive or a</p> <p>19 laptop or a backup tape, I would collect</p> <p>20 that and provide that to my team members who</p> <p>21 handled the e-discovery side of things where</p> <p>22 they would prepare chain of custody document</p> <p>23 and those pieces of evidence would be</p> <p>24 maintained in an evidence bag with the chain</p> <p>25 of custody documentation.</p>
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<p>1 MEAGHAN SCHMIDT</p> <p>2 And I also observed my team members</p> <p>3 meeting with various members of the IT</p> <p>4 Department to understand the computer</p> <p>5 systems and networks.</p> <p>6 Q Did AlixPartners collect all of the</p> <p>7 hard copy records at BLMIS?</p> <p>8 A All the hard copy documents that</p> <p>9 were located at 885 were scanned.</p> <p>10 The documents may have been taken</p> <p>11 over by the FBI and so I'm not sure if they</p> <p>12 were all collected by us at that time.</p> <p>13 Q What was your role with respect to</p> <p>14 the collection of paper documents at BLMIS?</p> <p>15 A I assisted the team who was</p> <p>16 inventory and indexing the warehouse, as an</p> <p>17 example, the boxes that were at the</p> <p>18 warehouse and what was maintained in those.</p> <p>19 I worked with the scanning company</p> <p>20 to identify the various documents that were</p> <p>21 maintained by different individuals that</p> <p>22 were maintained onsite at 885, so that would</p> <p>23 be two examples.</p> <p>24 Q Did you review account statements</p> <p>25 at BLMIS?</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 A If I reviewed a printed account</p> <p>3 statement, it may have been if it was -- I</p> <p>4 could have seen one if it was on someone's</p> <p>5 desk or in the printing room on the</p> <p>6 17th floor.</p> <p>7 I don't know what you mean by</p> <p>8 "review," but I did see account statements</p> <p>9 while I was onsite.</p> <p>10 Q Do you remember looking at any</p> <p>11 specific account statements?</p> <p>12 A No, I couldn't tell you like a</p> <p>13 specific account name of the statements that</p> <p>14 I looked at.</p> <p>15 Q Did you discuss Merkin, GCC or any</p> <p>16 of the Funds at any of your one-on-one</p> <p>17 meetings with Mr. Picard?</p> <p>18 A No.</p> <p>19 Q What was the topic of your meeting</p> <p>20 with Mr. Picard last week?</p> <p>21 MS. HOANG: Again, same</p> <p>22 caution.</p> <p>23 A I needed to give him a check to</p> <p>24 sign.</p> <p>25 Q What was the check for?</p>

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<p>1 MEAGHAN SCHMIDT 2 Q How do you know that? 3 A From the fax cover. 4 Q Looking at the second page of the 5 document, this is an example of a trade 6 confirmation, correct? 7 A Yes. 8 Q When was the first time you saw a 9 trade confirmation? 10 A It could have been as early as 11 December -- some time in December when I was 12 on the 17th floor. 13 Q Is that December 2008? 14 A Yes. 15 Q Prior to December 2008, had you 16 ever seen a BLMIS trade confirmation? 17 A No. 18 Q Prior to December 12, 2008, had you 19 ever seen a BLMIS trade confirmation? 20 A No. 21 Q And you don't have any knowledge of 22 how this was created; is that correct? 23 A That's correct. 24 MS. HOANG: Just objection to 25 form.</p>	<p>1 MEAGHAN SCHMIDT 2 Q And that would be true of any BLMIS 3 trade confirmation from before December 12, 4 2008 that I were to show you; is that 5 correct? 6 MS. HOANG: Objection to form. 7 A That's correct. 8 Q And you don't know whether this 9 accurately reflects a trade that occurred, 10 do you? 11 A My understanding is that trades did 12 not occur on the 17th floor, so ... 13 Q But you don't know whether this 14 trade specifically happened? 15 A That's correct. 16 Q And that would be true of any trade 17 confirmation from BLMIS prior to 18 December 12, 2008? 19 MS. HOANG: Objection to form. 20 A With respect to the 17th floor 21 trade confirmations, that's correct. 22 (Schmidt Exhibit 2, Group 23 Buying Power, Bates Numbered 24 MF-00054702 through MF-00054714, 25 was marked for Identification.)</p>
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<p>1 MEAGHAN SCHMIDT 2 BY MS. BRONEN: 3 Q I'm now handing you a document 4 that's marked as Schmidt Exhibit 2. The 5 Bates Number on the first page of the 6 document is MF-00054702. 7 MS. HOANG: For the record, the 8 document is consecutively Bates 9 Numbered to MF-00054714. 10 And when we get a chance, I'll do 11 the same for Schmidt Exhibit 1, just so 12 we have it. 13 While Ms. Schmidt is looking at it, 14 for the record, Schmidt 1 is Bates 15 numbers MADTSS-00210895. It's 16 consecutively Bates Numbered to 17 MADTSS-00210899. 18 Q Do you recognize this document? 19 A I do not. 20 Q It's an example of a BLMIS customer 21 statement; is that right? 22 MS. HOANG: Objection to form. 23 A This is not the customer statement 24 that I'm familiar with. 25 Q Have you ever seen documents like</p>	<p>1 MEAGHAN SCHMIDT 2 this before? 3 A I have not. 4 Q So you don't know if documents -- 5 how documents like this or documents in 6 similar format to this were created, 7 correct? 8 MS. HOANG: Objection to form. 9 A That's correct. 10 Q And you don't know whether 11 documents like this or documents in similar 12 form were accurate at the time they were 13 created; is that correct? 14 MS. HOANG: Objection to form 15 and "other similar documents" -- or 16 "documents in similar form." 17 A Yeah, I don't know. 18 Q You don't know -- 19 (Schmidt Exhibit 3, Chart with 20 handwriting, Bates Numbered 21 MADTSS-01120262, was marked for 22 Identification.) 23 BY MS. BRONEN: 24 Q I'm now handing you what's been 25 marked as Schmidt Exhibit 3. The document</p>

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<p>1 MEAGHAN SCHMIDT 2 is Bates Numbered MADTSS-01120262. 3 Do you recognize this document? 4 A I do not. 5 Q Do you know whose handwriting this 6 is? 7 A I'm not a handwriting expert, but 8 it looks like either Frank's or Jodi 9 Crupi's. 10 Q How do you know that? 11 A Because I've seen their handwriting 12 before. 13 MS. HOANG: Is this the 14 complete document as it was grouped 15 in the pdf? 16 MS. BRONEN: Yes. I didn't 17 split it up. 18 MS. HOANG: Okay. I just 19 wanted that on the record. 20 A I've seen other documents with 21 their handwriting on them. 22 Q Did you help prepare this document? 23 A I did not. 24 Q And you don't know whether it was 25 accurate at the time it was created,</p>	<p>1 MEAGHAN SCHMIDT 2 correct? 3 A That's correct. 4 MS. HOANG: Objection to form. 5 Q And that would be true of other 6 handwritten documents that were created 7 before December 12, 2008, correct? 8 MS. HOANG: Objection to form. 9 Sorry. 10 MS. BRONEN: That's okay. 11 A That's correct. 12 Q Have you seen other documents 13 similar to Schmidt 3? 14 A No. 15 (Schmidt Exhibit 4, Bates 16 Numbered MADTBb-02389612 to 17 MADTBb-02389612, was marked for 18 Identification.) 19 BY MS. BRONEN: 20 Q I'm now handing you a document 21 marked Schmidt Exhibit 4. The beginning 22 Bates Number is MADTBb-02389612. And it's 23 consecutively marked, the end Bates is 24 MADTBb-02389628. 25 Do you recognize this document?</p>
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<p>1 MEAGHAN SCHMIDT 2 A I don't recognize this specific 3 document, but I've seen documents like this. 4 Q Where have you seen documents like 5 this before? 6 A On the 17th floor. 7 Q Had you seen any documents like 8 this prior to December 12, 2008? 9 A No. 10 Q What is this document? 11 A This is the Account Maintenance 12 Folder for Willie R. Stra -- I don't know 13 how to pronounce the last name. 14 Q Have you seen this folder before? 15 A This specific folder, I don't 16 believe so, no. 17 Q And how do you know that this is 18 the Account Maintenance Folder for this 19 customer, Willie? 20 A Well, these folders were maintained 21 in manila folders with a label on top of 22 them, such as the one that's on here, and 23 within the Account Maintenance Folder, there 24 were certain documents that were required to 25 be in there with respect to account</p>	<p>1 MEAGHAN SCHMIDT 2 openings, so I see like the address, file 3 maintenance document. This typically would 4 have been one of the first documents that 5 you would see in an Account Maintenance 6 Folder. 7 I see correspondence between the 8 customer and individuals at Madoff. 9 I see the W-8. There was always 10 usually some type of tax document within the 11 Account Maintenance Folder. 12 The agreement. These are the type 13 of documents that I have seen in the Account 14 Maintenance Folders before. 15 Q Who told you how these documents 16 were maintained? 17 A Jodi Crupi. 18 Q Did Jodi tell you that she helped 19 prepare these documents, these folders? 20 A When you say "prepare," what do you 21 mean by that? 22 Q You don't have any firsthand 23 knowledge of whether any of the documents in 24 this folder was accurate at the time it was 25 created, correct?</p>

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<p>1 MEAGHAN SCHMIDT 2 MS. HOANG: Objection to form. 3 A That's correct. 4 Q And you don't have any firsthand 5 knowledge as to whether this was maintained 6 in the ordinary course at BLMIS; is that 7 correct? 8 MS. HOANG: Objection to form. 9 A That's correct. 10 Q And you don't have any firsthand 11 knowledge as to whether any account folder 12 was maintained in the ordinary course at 13 BLMIS; is that correct? 14 MS. HOANG: Objection. Not 15 just to form, but any other questions 16 that talk about the ordinary course 17 at BLMIS. 18 You can answer. 19 A Can you repeat the question? I'm 20 sorry. 21 Q You don't have any firsthand 22 knowledge as to whether any account folder 23 was maintained in the ordinary course of 24 business at BLMIS; is that correct? 25 MS. HOANG: Same objections.</p>	<p>1 MEAGHAN SCHMIDT 2 A Prior to December 12, no, but 3 there's hundreds of these on 17th floor, 4 so I would assume that this was ordinary 5 course to maintain an Account Maintenance 6 Folder. 7 Q That's your assumption, not 8 personal knowledge, correct? 9 A You know, I saw hundreds of these, 10 so ... 11 I understand that this was part -- 12 the Account Maintenance Folder was part of 13 opening an account. Jodi told us that and 14 then I saw these Account Maintenance 15 Folders when I was on the 17th floor. 16 Q That understanding is based on 17 information you gathered from employees at 18 BLMIS after December 12, 2008; is that 19 correct? 20 A I was verbally told that, that's 21 correct, but then I saw the physical folders 22 on the 17th floor. 23 Q And you don't have any firsthand 24 knowledge as to whether any of the 25 information in the account folders was</p>
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<p>1 MEAGHAN SCHMIDT 2 accurate at the time it was created; is that 3 correct? 4 A That's correct. 5 MS. HOANG: Objection to form. 6 Q And you have no information -- no 7 firsthand knowledge as to who prepared the 8 account folders; is that correct? 9 MS. HOANG: Objection to form. 10 A I understand that Jodi Crupi 11 maintained the folders. 12 As to whether or not who added the 13 specific papers within them, I don't know if 14 it was her or someone on her team. 15 Q And you knew Jodi Crupi maintained 16 the folders because she told you? 17 A Yeah, that's right. 18 (Schmidt Exhibit 5, Amended US 19 Individual Income 2002 Tax Return 20 1040X for Bernard and Ruth Madoff, 21 Bates Numbered FRISAB-0002010 22 through FRISAB-0002099, was marked 23 for Identification.) 24 BY MS. BRONEN: 25 Q I'm now handing you an exhibit</p>	<p>1 MEAGHAN SCHMIDT 2 that's been marked as Schmidt Exhibit 5. 3 It's consecutively Bates Numbered 4 FRISAB-0002010 through FRISAB-0002099. 5 MS. HOANG: Just note that the 6 FRISAB Bates Number is not from the 7 BLMIS production. These documents 8 were produced by Friehling & 9 Horowitz. 10 Q Did you know anything about the 11 Bates numbers prior to today? 12 A In terms of the format of them? 13 Q What they mean. 14 A I mean, I know who Friehling is, so 15 I would assume that this came from 16 Friehling. 17 But prior to me just looking at 18 this now, I didn't know the setup of the 19 Bates numbers before today. 20 Q Do you recognize this document? 21 A Yes. 22 Q Have you seen this before? 23 A I have. 24 Q When? 25 A Some time in December of 2008.</p>

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<p>1 MEAGHAN SCHMIDT</p> <p>2 Q Who showed you this document?</p> <p>3 A We were provided with tax returns</p> <p>4 from either Enrica Cotellessa-Pitz or Dan</p> <p>5 Bonventre. And I'm not sure if it was this</p> <p>6 specific tax return, but I have seen tax</p> <p>7 returns before.</p> <p>8 Q You're not sure you've ever seen</p> <p>9 the 2002 Madoff tax return?</p> <p>10 A So I'm not sure if I've seen the</p> <p>11 2002, and if I only saw -- I don't know if I</p> <p>12 saw this whole entire packet.</p> <p>13 MS. HOANG: Just to clarify.</p> <p>14 This is the 2002 individual -- I'm</p> <p>15 sorry.</p> <p>16 Amended US Individual Income Tax</p> <p>17 Return for Bernard L. Madoff and Ruth</p> <p>18 Madoff. Just want to clarify because she</p> <p>19 said "Madoff," and I know we've all used</p> <p>20 the terminology "Madoff" to mean BLMIS</p> <p>21 together, so ...</p> <p>22 Q You're not sure if you've seen this</p> <p>23 specific document before; is that correct?</p> <p>24 A That's correct.</p> <p>25 Q And you never saw any BLMIS or</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 individual Madoff tax return prior to</p> <p>3 December 12, 2008; is that correct?</p> <p>4 MS. HOANG: Objection to form.</p> <p>5 A That's correct.</p> <p>6 Q And do you know who prepared this</p> <p>7 document?</p> <p>8 A I do.</p> <p>9 Q Who prepared the document?</p> <p>10 A Friebling & Horowitz.</p> <p>11 Q How do you know that?</p> <p>12 A I know that Friebling & Horowitz</p> <p>13 was the accountant for BLMIS.</p> <p>14 And then on page Bates ending in</p> <p>15 2010, it says that the pay preparer's name</p> <p>16 is -- the firm name is listed on the tax</p> <p>17 return.</p> <p>18 Q You didn't have any role in</p> <p>19 preparing individual tax returns for Bernard</p> <p>20 Madoff, for Ruth Madoff or tax returns for</p> <p>21 BLMIS prior to December 12, 2008; is that</p> <p>22 correct?</p> <p>23 MS. HOANG: Objection to form.</p> <p>24 A That's correct.</p> <p>25 Q And you have no firsthand knowledge</p>
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<p>1 MEAGHAN SCHMIDT</p> <p>2 as to whether the information in this tax</p> <p>3 return was accurate at the time it was</p> <p>4 created; is that correct?</p> <p>5 MS. HOANG: Objection to form.</p> <p>6 A That's correct.</p> <p>7 Q And you don't have any firsthand</p> <p>8 knowledge as to whether the information in</p> <p>9 any of the Bernard Madoff, Ruth Madoff or</p> <p>10 BLMIS tax returns was accurate at the time</p> <p>11 they were created; is that correct?</p> <p>12 MS. HOANG: Objection.</p> <p>13 A That's correct.</p> <p>14 Q I'm now passing what's been marked</p> <p>15 Schmidt Exhibit 6. It's consecutively</p> <p>16 marked MADTEE-00045777 through</p> <p>17 MADTEE-00045783.</p> <p>18 (Schmidt Exhibit 6, Madoff</p> <p>19 Investment Securities Statement of</p> <p>20 Financial Condition, October 31,</p> <p>21 2007, Bates Numbered</p> <p>22 MADTEE-00045777 through</p> <p>23 MADTEE-00045783, was marked for</p> <p>24 Identification.)</p> <p>25 BY MS. BRONEN:</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 Q Do you recognize this document?</p> <p>3 A Yes.</p> <p>4 Q What is it?</p> <p>5 A This would be the October 31, 2007</p> <p>6 financial statements of BLMIS.</p> <p>7 Q Have you seen this document before?</p> <p>8 A I have, yes.</p> <p>9 Q Who showed you this document?</p> <p>10 A Either Enrica Cotellessa-Pitz or</p> <p>11 Dan Bonventre.</p> <p>12 Q Did you have any role in preparing</p> <p>13 this document?</p> <p>14 A I did not.</p> <p>15 Q Did you have any role in preparing</p> <p>16 any financial statements of BLMIS prior to</p> <p>17 December 12, 2008?</p> <p>18 A No.</p> <p>19 Q And you don't have any firsthand</p> <p>20 knowledge as to whether any of the</p> <p>21 information in this document was accurate at</p> <p>22 the time it was created; is that correct?</p> <p>23 MS. HOANG: Objection to form.</p> <p>24 A That's correct.</p> <p>25 Q Did you ever meet any of BLMIS'</p>

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<p>1 MEAGHAN SCHMIDT</p> <p>2 auditors?</p> <p>3 A No.</p> <p>4 Q Did you meet Mr. Friehling?</p> <p>5 A No.</p> <p>6 Q And you don't have any firsthand --</p> <p>7 strike that. I apologize.</p> <p>8 MS. HOANG: When there's a</p> <p>9 reasonable time to take a break.</p> <p>10 MS. BRONEN: Sure. Any time.</p> <p>11 MS. HOANG: I didn't want to be</p> <p>12 in the middle of another exhibit</p> <p>13 before we take a break.</p> <p>14 MS. BRONEN: No, happy to take</p> <p>15 one.</p> <p>16 THE VIDEOGRAPHER: The time is</p> <p>17 12:52 p.m. This is the end of Media</p> <p>18 Number 2. We're off the record.</p> <p>19 (A brief recess was</p> <p>20 taken.)</p> <p>21 THE VIDEOGRAPHER: The time is</p> <p>22 1:27 p.m. This is the start of Media</p> <p>23 Number 3. We're on the record.</p> <p>24 BY MS. BRONEN:</p> <p>25 Q Ms. Schmidt, did you have a formal</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 role with respect to selecting which</p> <p>3 documents would be copied and preserved by</p> <p>4 AlixPartners?</p> <p>5 A I was involved in that process and</p> <p>6 we didn't select what was preserved.</p> <p>7 Everything that was at 885 was preserved.</p> <p>8 There was no selection process.</p> <p>9 Q And who was in charge of collecting</p> <p>10 the documents at 885?</p> <p>11 A We had an outside vendor who did</p> <p>12 the scanning of the hard paper documents,</p> <p>13 and so we worked with them to identify the</p> <p>14 documents, the area of where the documents</p> <p>15 were and they worked at our direction.</p> <p>16 Q And did you have any role in</p> <p>17 maintaining the documents that were</p> <p>18 collected from BLMIS?</p> <p>19 MS. HOANG: Objection.</p> <p>20 Go ahead.</p> <p>21 A What do you mean "maintain"? What</p> <p>22 do you mean by that?</p> <p>23 Q Did you create a catalog of the</p> <p>24 documents?</p> <p>25 A I specifically did not, but the</p>
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<p>1 MEAGHAN SCHMIDT</p> <p>2 vendor that was scanning maintained that</p> <p>3 record, and when I worked in the warehouse,</p> <p>4 I assisted in creating the index of the</p> <p>5 boxes that were maintained in the warehouse</p> <p>6 and the contents of the boxes.</p> <p>7 Q Was there a person at AlixPartners</p> <p>8 or anywhere else that was in charge of the</p> <p>9 collection and maintenance of books and</p> <p>10 records of BLMIS?</p> <p>11 A We worked as a team, so I don't</p> <p>12 know that I can name one specific person</p> <p>13 that was directly responsible for that. I</p> <p>14 think we all had a role in that process.</p> <p>15 Q And how would you describe your</p> <p>16 role personally with respect to collecting</p> <p>17 and maintaining the books and records of</p> <p>18 BLMIS?</p> <p>19 A I obtained -- I had copies of the</p> <p>20 floor plan, so I would have noted where</p> <p>21 people's offices were and ensured that</p> <p>22 certain -- the offices and the vendors knew</p> <p>23 where the offices were and made sure that</p> <p>24 those documents were getting scanned.</p> <p>25 Q Was a central part of your</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 responsibility to be involved in the</p> <p>3 collection and maintenance of the books and</p> <p>4 records of BLMIS?</p> <p>5 A We were responsible for preserving</p> <p>6 and securing all records that were</p> <p>7 maintained by BLMIS. So that was a central</p> <p>8 role of AlixPartners, yes.</p> <p>9 Q And was it a central part of your</p> <p>10 personal responsibilities to be involved in</p> <p>11 the collection and maintenance of the books</p> <p>12 and records of BLMIS?</p> <p>13 A I definitely played a role in that,</p> <p>14 yes.</p> <p>15 Q What percentage of your</p> <p>16 responsibility is related to collecting and</p> <p>17 preserving the books and records of BLMIS?</p> <p>18 A I feel like I did it everyday, so I</p> <p>19 don't know that I could give a percentage to</p> <p>20 it.</p> <p>21 If there was a document that I saw</p> <p>22 that needed to get scanned or if I saw some</p> <p>23 type of media, I would pick it up. So I</p> <p>24 don't know -- and give the proper chain of</p> <p>25 custody information.</p>

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<p>1 MEAGHAN SCHMIDT</p> <p>2 Q And how often did it occur that you</p> <p>3 found something that needed to be logged or</p> <p>4 scanned?</p> <p>5 MS. HOANG: Objection to form.</p> <p>6 A I mean, I think the entire time</p> <p>7 that I was at 885 Third Avenue, I worked</p> <p>8 with the vendor, the scanning vendor to make</p> <p>9 sure the 18th and 19th floor documents</p> <p>10 were being scanned, and they were there for</p> <p>11 a few months.</p> <p>12 Q Would you say that when you</p> <p>13 identified documents or records that needed</p> <p>14 to be collected, was it typically because as</p> <p>15 an incident to your other responsibilities?</p> <p>16 A No, I wouldn't say it was an</p> <p>17 incident. I would view that as part of my</p> <p>18 role within the team that we were</p> <p>19 responsible for making sure that everything</p> <p>20 was preserved at 885.</p> <p>21 Q Did you affirmatively look for</p> <p>22 things to collect and preserve?</p> <p>23 A We didn't have to look because we</p> <p>24 preserved everything that was onsite, so, I</p> <p>25 had the floor plan, I knew where people sat,</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 what their general area of responsibility</p> <p>3 was and everything was maintained and</p> <p>4 scanned.</p> <p>5 So it wasn't a matter of, you know,</p> <p>6 looking or hunting through people's files.</p> <p>7 Q Did you have any direct</p> <p>8 responsibility for making sure that every</p> <p>9 single thing got collected and preserved?</p> <p>10 A I was part of the team that had</p> <p>11 that responsibility. The AlixPartners team</p> <p>12 had that responsibility.</p> <p>13 Q Was there someone who was in charge</p> <p>14 of making sure that every single thing was</p> <p>15 collected and preserved at BLMIS?</p> <p>16 A I wouldn't say there was a central</p> <p>17 point of contact, no.</p> <p>18 (Schmidt Exhibit 7, Ascot</p> <p>19 Partners document dated January 31,</p> <p>20 2007, Bates Numbered</p> <p>21 MDPTTP-00020630 through</p> <p>22 MDPTTP-00020635, was marked for</p> <p>23 Identification.)</p> <p>24 BY MS. BRONEN:</p> <p>25 Q I'm now handing you a document</p>
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<p>1 MEAGHAN SCHMIDT</p> <p>2 that's been marked as Schmidt Exhibit 7.</p> <p>3 It's consecutively Bates Numbered</p> <p>4 MDPTTP-00020630 through MDPTTP-00020635.</p> <p>5 Do you recognize this document?</p> <p>6 A I recognize documents that look</p> <p>7 like this, yes. Not this specific document.</p> <p>8 Q You've never seen this document</p> <p>9 before?</p> <p>10 A I've never seen this specific Ascot</p> <p>11 Partners document dated January 31, 2007.</p> <p>12 Q You've seen other documents that</p> <p>13 look similar to this?</p> <p>14 A Yes.</p> <p>15 Q What is it?</p> <p>16 A Customer Account Statement.</p> <p>17 Q Did you ever see a Customer Account</p> <p>18 Statement prior to December 12, 2008?</p> <p>19 A No.</p> <p>20 Q And you don't have any firsthand</p> <p>21 knowledge as to how these documents were</p> <p>22 created?</p> <p>23 MS. HOANG: Objection to form.</p> <p>24 A No.</p> <p>25 Q And you don't have any firsthand</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 knowledge as to whether this document and</p> <p>3 documents like it were accurate at the time</p> <p>4 that they were created?</p> <p>5 MS. HOANG: Objection to form.</p> <p>6 A No.</p> <p>7 Q And you don't have any firsthand</p> <p>8 knowledge as to whether this document and</p> <p>9 other documents like it -- strike that.</p> <p>10 And you don't have any firsthand</p> <p>11 knowledge as to whether account statements</p> <p>12 at BLMIS were kept in the ordinary course of</p> <p>13 business; is that correct?</p> <p>14 MS. HOANG: Objection to form.</p> <p>15 A I don't have any firsthand</p> <p>16 knowledge, that's correct.</p> <p>17 (Schmidt Exhibit 8, Portfolio</p> <p>18 Management Report, Bates Numbered</p> <p>19 MADTSS-00200225 through</p> <p>20 MADTSS-00200409, was marked for</p> <p>21 Identification.)</p> <p>22 BY MS. BRONEN:</p> <p>23 Q I'm now handing you a document</p> <p>24 that's been marked as Schmidt Exhibit 8.</p> <p>25 It is consecutively Bates Numbered</p>

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<p>1 MEAGHAN SCHMIDT 2 MADTSS-00200225 through 00200409. 3 Do you recognize this document? 4 A Yes. 5 Q What is it? 6 A Portfolio Management Report or PMR. 7 Q And how do you know that? 8 A Title on the top. 9 Q Have you ever seen this document 10 before? 11 A I haven't seen this specific 12 document dated December 31, '91, but I have 13 seen PMRs before. 14 Q When was that? When did you see 15 other documents like this? 16 A After December 12, 2008. 17 Q And you don't have any firsthand 18 knowledge as to whether these documents were 19 accurate at the time they were created; is 20 that correct? 21 MS. HOANG: Objection. 22 A That's correct. 23 Q And you don't have any firsthand 24 knowledge as to how these documents were 25 created; is that correct?</p>	<p>1 MEAGHAN SCHMIDT 2 MS. HOANG: Objection. 3 A That's correct. 4 Q Do you know who -- never mind. 5 Strike that. 6 Were you involved in collecting 7 these Portfolio Manager Reports? 8 A If they were located on the 9 premises of BLMIS, then yes, I was part of 10 that process. 11 Q Do you know whether there were any 12 Portfolio Manager Reports located on the 13 premises of BLMIS? 14 A I'm sure there were. I don't know 15 specifically where they would have -- the 16 hard copy of this would have been maintained 17 other than on the 17th floor. 18 Q Do you know how they were 19 collected? 20 A You mean physically how they were 21 collected for scanning? 22 Q Do you know whether this original 23 file was electronic or hard copy? 24 A I'm assuming it's hard copy because 25 there's handwritten notes on it.</p>
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<p>1 MEAGHAN SCHMIDT 2 Q Do you know if all Portfolio 3 Management Reports were hard copy? 4 A They would have to have been a soft 5 copy maintained on the AS400. 6 Q Do you know that or are you 7 assuming? 8 A The AS400 would contain the 9 information that would prepare a PMR. 10 Q Did you ever see a PMR created 11 after December 12, 2008? 12 A No. 13 Q And you never saw one created prior 14 to December 12, 2008; is that correct? 15 A That's correct. 16 (Schmidt Exhibit 9, Bates 17 Numbered MADTBB-02080361, was 18 marked for Identification.) 19 BY MS. BRONEN: 20 Q I'm now handing you an exhibit 21 that's marked as Schmidt Exhibit 9. 22 It is Bates Numbered 23 MADTBB-02080361. 24 MS. HOANG: Is this the entire 25 bio that was contained in the file?</p>	<p>1 MEAGHAN SCHMIDT 2 MS. BRONEN: Yes. 3 MS. HOANG: Just this one page? 4 MS. BRONEN: Yes. 5 MS. HOANG: Okay. 6 MR. STEINER: We're just as 7 confused. 8 BY MS. BRONEN: 9 Q Do you recognize this document? 10 A No. 11 Q Do you know what it is? 12 A No. 13 MS. HOANG: I believe that this 14 is part of -- it was just the way it 15 was scanned, but there's part of 16 documents afterwards on the exhibit 17 list that should be part of this, but 18 I can verify -- I can't verify that 19 sitting here. 20 A I don't know what this is. 21 Q No idea. Okay. 22 (Schmidt Exhibit 10, 23 Statement of Account for Month 24 Ending December 31, 1991, Bates 25 Numbered MSYSAB-0000100 through</p>

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<p>1 MEAGHAN SCHMIDT</p> <p>2 A No.</p> <p>3 Q Do you know who Sylvia Joel is?</p> <p>4 A I believe she's related to Amy</p> <p>5 Joel, who was an employee at Madoff.</p> <p>6 (Schmidt Exhibit 14, Frank</p> <p>7 Report, Not Working Figures for 30</p> <p>8 and 40 Accounts, Bates Numbered</p> <p>9 MADTSS-01123545 through</p> <p>10 MADTSS-01123550, was marked for</p> <p>11 Identification.)</p> <p>12 BY MS. BRONEN:</p> <p>13 Q I'm now handing you a document</p> <p>14 that's been marked as Schmidt Exhibit 14.</p> <p>15 It's consecutively Bates Numbered</p> <p>16 MADTSS-01123545 through 01123550.</p> <p>17 Do you recognize this document?</p> <p>18 A Yes.</p> <p>19 Q What is it?</p> <p>20 A This is a Frank Report.</p> <p>21 Q What is a Frank Report?</p> <p>22 A This was a report that</p> <p>23 Mr. DiPascali maintained.</p> <p>24 Q How do you know that?</p> <p>25 A It says Frank's name up top on the</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 left corner.</p> <p>3 Q You have no firsthand knowledge of</p> <p>4 when this document was created; is that</p> <p>5 correct?</p> <p>6 MS. HOANG: Objection to form.</p> <p>7 A Looks like it was created on</p> <p>8 December 8th.</p> <p>9 Q And do you have any other reason to</p> <p>10 believe that besides the fact that it says</p> <p>11 it at the top of the document?</p> <p>12 A No.</p> <p>13 Q And you have no firsthand knowledge</p> <p>14 of whether this document was accurate at the</p> <p>15 time it was created; is that correct?</p> <p>16 MS. HOANG: Objection to form.</p> <p>17 A That's correct.</p> <p>18 Q Did you help prepare this document?</p> <p>19 A I did not.</p> <p>20 Q Do you have any firsthand knowledge</p> <p>21 of whether this document was kept in the</p> <p>22 ordinary course of business at BLMIS?</p> <p>23 A I do not.</p> <p>24 MS. HOANG: Objection.</p> <p>25 Q If you wouldn't mind taking a look</p>
Page 116	Page 117
<p>1 MEAGHAN SCHMIDT</p> <p>2 at the columns across the top of the first</p> <p>3 page.</p> <p>4 Can you tell me what they mean,</p> <p>5 going from left to right?</p> <p>6 A The Account, which is the left</p> <p>7 farthest left column is the account number</p> <p>8 of the account holder at BLMIS.</p> <p>9 The Name column would be the</p> <p>10 Account Name.</p> <p>11 I don't recall what the 30 and 40</p> <p>12 designation stands for. I'm not sure if</p> <p>13 that's -- there are other parts of an</p> <p>14 account number and I'm not sure if the 30</p> <p>15 and 40 relates to that, but these appear to</p> <p>16 be what's titled Cash Balances.</p> <p>17 And then there's column called Not</p> <p>18 Working.</p> <p>19 And a Debit Balance column on the</p> <p>20 far right.</p> <p>21 Q And do you have any firsthand</p> <p>22 knowledge of how these columns were</p> <p>23 populated?</p> <p>24 A I do not.</p> <p>25 Q And any knowledge at all of what</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 "not working" means?</p> <p>3 A I seem to recall it represents</p> <p>4 what's not in the basket.</p> <p>5 Q What do you mean by "in the</p> <p>6 basket"?</p> <p>7 A That it was not part of trade --</p> <p>8 what would be listed as trade information on</p> <p>9 a customer account.</p> <p>10 Q But you don't have any -- and you</p> <p>11 don't have any firsthand knowledge of what</p> <p>12 would have been in or out of the basket at</p> <p>13 any given time?</p> <p>14 A No, I do not.</p> <p>15 MS. HOANG: Objection.</p> <p>16 Q How did accounts get selected to</p> <p>17 appear on this list?</p> <p>18 A I don't know.</p> <p>19 Q Did you ever ask anyone at BLMIS</p> <p>20 that question?</p> <p>21 A No, I did not, no.</p> <p>22 Q Is this the list that Mr. DiPascali</p> <p>23 had that you testified in the criminal</p> <p>24 trial?</p> <p>25 MS. HOANG: Objection.</p>

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<p>1 MEAGHAN SCHMIDT</p> <p>2 Q I'm now handing you a document</p> <p>3 that's been marked Schmidt Exhibit 18.</p> <p>4 It's consecutively Bates stamped</p> <p>5 MADTSS-00329114 through 00329127.</p> <p>6 Do you recognize this document?</p> <p>7 A I don't recognize this exact</p> <p>8 document, no.</p> <p>9 Q Have you seen documents like this</p> <p>10 before?</p> <p>11 A This looks like the Depository</p> <p>12 Trust Statement that was provided to</p> <p>13 Madoff 646 was the account number with DTC.</p> <p>14 Depository Trust Company.</p> <p>15 Q Have you seen this document before?</p> <p>16 A I have not seen this document, no.</p> <p>17 Q Do you have any firsthand knowledge</p> <p>18 of how this document was created?</p> <p>19 A No, I'm not clear if this is an</p> <p>20 internal or external document.</p> <p>21 Q Do you have any firsthand knowledge</p> <p>22 as to whether this document was kept in the</p> <p>23 ordinary course of business at BLMIS?</p> <p>24 MS. HOANG: Objection to form.</p> <p>25 A No.</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 Q Do you know whose handwriting</p> <p>3 appears on the top left of the first page of</p> <p>4 this document?</p> <p>5 A No.</p> <p>6 (Schmidt Exhibit 19, Records</p> <p>7 Certification dated September 11,</p> <p>8 1987, Bates Numbered MF-00092171</p> <p>9 through MF-00092172, was marked for</p> <p>10 Identification.)</p> <p>11 BY MS. BRONEN:</p> <p>12 Q I'm now handing you what's been</p> <p>13 marked as Schmidt Exhibit 19.</p> <p>14 It is Bates Numbered MF-00092171</p> <p>15 through 00092172.</p> <p>16 Do you recognize this document?</p> <p>17 A No.</p> <p>18 Q Have you seen documents similar to</p> <p>19 this?</p> <p>20 A No.</p> <p>21 Q Do you have any firsthand knowledge</p> <p>22 as to whether this document was kept in the</p> <p>23 ordinary course of business at BLMIS?</p> <p>24 A No.</p> <p>25 Q Do you have any firsthand knowledge</p>
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<p>1 MEAGHAN SCHMIDT</p> <p>2 of whether this document is accurate?</p> <p>3 A No.</p> <p>4 Q Do you have any firsthand knowledge</p> <p>5 of whether this document was accurate at the</p> <p>6 time it was created?</p> <p>7 MS. HOANG: Objection.</p> <p>8 A No.</p> <p>9 (Schmidt Exhibit 20, Written</p> <p>10 letter dated December 10, 2008 with</p> <p>11 attachments, Bates Numbered</p> <p>12 AMF-00000574 through AMF-00000628,</p> <p>13 was marked for Identification.)</p> <p>14 BY MS. BRONEN:</p> <p>15 Q I'm now handing you a document</p> <p>16 that's been marked as Schmidt Exhibit 20.</p> <p>17 It's consecutively Bates Numbered</p> <p>18 AMF-00000574 through 00000628.</p> <p>19 Do you recognize this document?</p> <p>20 A This specific document, no.</p> <p>21 Q Have you seen documents like this</p> <p>22 before?</p> <p>23 A This looks like customer</p> <p>24 correspondence.</p> <p>25 Q Did you collect this document or</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 documents like it?</p> <p>3 A It looks like customer</p> <p>4 correspondence and account maintenance file</p> <p>5 documents, so if it was in the account</p> <p>6 maintenance files, it would have been</p> <p>7 collected.</p> <p>8 Q Who would have collected it?</p> <p>9 A Someone on my team or the vendor.</p> <p>10 I mean, these files also were</p> <p>11 located on the 17th floor, so I don't know</p> <p>12 if it's something that we got -- you know,</p> <p>13 at what point in time we got it from the</p> <p>14 FBI.</p> <p>15 Q So you're not sure whether</p> <p>16 AlixPartners collected this document or the</p> <p>17 FBI collected this document?</p> <p>18 A That's right.</p> <p>19 But it would have been maintained</p> <p>20 on the 17th floor, which was secured by</p> <p>21 AlixPartners.</p> <p>22 Q Do you have any knowledge of</p> <p>23 whether this document was actually kept on</p> <p>24 the 17th floor of BLMIS?</p> <p>25 A I mean, most of the Account</p>

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<p>1 MEAGHAN SCHMIDT</p> <p>2 Maintenance Folders that were there</p> <p>3 associated with the investment advisory</p> <p>4 business was maintained on the 17th floor.</p> <p>5 Q But you're not sure whether this</p> <p>6 document was maintained on the 17th floor?</p> <p>7 A This specific one, no, I don't</p> <p>8 recall specifically seeing Norman Cohen's</p> <p>9 documents.</p> <p>10 Q And did you personally have any</p> <p>11 role in collecting documents similar to this</p> <p>12 one from the 17th floor at BLMIS?</p> <p>13 A No, not me personally.</p> <p>14 Q And I take it, you don't have any</p> <p>15 firsthand knowledge as to whether this</p> <p>16 document was accurate when it was created?</p> <p>17 MS. HOANG: Objection.</p> <p>18 A No.</p> <p>19 Q And you don't have any firsthand</p> <p>20 knowledge of whether this document or others</p> <p>21 like it were kept in the ordinary course of</p> <p>22 business at BLMIS?</p> <p>23 MS. HOANG: Objection.</p> <p>24 A Account Maintenance Folders were</p> <p>25 kept as a matter of ordinary course. There</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 were hundreds of these folders on the 17th</p> <p>3 floor when we arrived.</p> <p>4 Q But that's not firsthand knowledge,</p> <p>5 correct?</p> <p>6 A No. That's correct. I do not have</p> <p>7 firsthand knowledge.</p> <p>8 (Schmidt Exhibit 21, Portfolio</p> <p>9 Management Report, Bates Numbered</p> <p>10 MADTBB-00994877 through</p> <p>11 MADTBB-00996298, was marked for</p> <p>12 Identification.)</p> <p>13 BY MS. BRONEN:</p> <p>14 Q I'm now handing you what's been</p> <p>15 marked as Schmidt Exhibit 21.</p> <p>16 This document is consecutively</p> <p>17 Bates Numbered MADTBB-00994877 through</p> <p>18 MADTBB-00996298.</p> <p>19 Do you recognize this document?</p> <p>20 A Yes.</p> <p>21 Q What is it?</p> <p>22 A Portfolio Management Report, or</p> <p>23 PMR.</p> <p>24 Q Have you seen this document before?</p> <p>25 A This specific one, no.</p>
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<p>1 MEAGHAN SCHMIDT</p> <p>2 Q Am I right that you had no role in</p> <p>3 creating this document?</p> <p>4 A That's correct.</p> <p>5 Q Am I right that you have no idea</p> <p>6 whether it's accurate?</p> <p>7 A That's correct.</p> <p>8 MS. HOANG: Objection to form</p> <p>9 on the last two questions.</p> <p>10 (Schmidt Exhibit 22, FOCUS</p> <p>11 Report, Bates stamped</p> <p>12 PUBLIC-0002916 through</p> <p>13 PUBLIC-0003129, was marked for</p> <p>14 Identification.)</p> <p>15 BY MS. BRONEN:</p> <p>16 Q I'm now handing you what's been</p> <p>17 marked as Schmidt Exhibit 22.</p> <p>18 It's Bates stamped consecutively</p> <p>19 PUBLIC-0002916 through PUBLIC-0003129.</p> <p>20 Have you ever seen this document</p> <p>21 before?</p> <p>22 A Yes.</p> <p>23 Q What is it?</p> <p>24 A It's a FOCUS Report.</p> <p>25 Q And what is a FOCUS Report?</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 A A Financial and Operational</p> <p>3 Combined Uniform Single Report.</p> <p>4 Q Did you have any role in preparing</p> <p>5 this document?</p> <p>6 A No.</p> <p>7 Q Did you have any role in collecting</p> <p>8 and preserving this document?</p> <p>9 A I received copies of FOCUS Reports</p> <p>10 from Enrica Cotellessa-Pitz and these</p> <p>11 documents were maintained in her office, so</p> <p>12 we would have preserved them.</p> <p>13 They're also publicly filed.</p> <p>14 Q Do you have any firsthand knowledge</p> <p>15 as to whether this document was accurate at</p> <p>16 the time it was created?</p> <p>17 A I do not.</p> <p>18 MS. HOANG: Objection.</p> <p>19 Q And that's true of other FOCUS</p> <p>20 Reports, as well; is that correct?</p> <p>21 MS. HOANG: Objection to form.</p> <p>22 A In terms of the accuracy?</p> <p>23 Q Do you have any firsthand knowledge</p> <p>24 as to whether other FOCUS Reports for BLMIS</p> <p>25 created prior to December 12, 2008 were</p>

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<p>1 MEAGHAN SCHMIDT 2 So I didn't create specific categories, if 3 that's what you are asking. 4 Q Okay. 5 So you didn't do anything like 6 that? 7 A Create categories for documents? 8 Q Yes. 9 A No. 10 Q Was any part of your responsibility 11 to determine the universe of categories of 12 documents that were obtained from BLMIS by 13 AlixPartners? 14 A I mean, I assisted in identifying 15 documents, the universe of documents that 16 were located there, but I didn't create 17 specific categories. 18 Q Well, with respect to the types of 19 documents that were obtained by AlixPartners 20 from BLMIS, did you have responsibility for 21 cataloging any of them or indexing any of 22 them? 23 A I specifically did not, but vendors 24 that worked with us did. 25 Q Who were the vendors?</p>	<p>1 MEAGHAN SCHMIDT 2 A AlphaLit. 3 Q What was your role in the Madoff 4 matter after the preservation and collection 5 of documents by AlixPartners? 6 A What time frame are you -- 7 Q Whatever time frame it is that came 8 after the collection of documents. 9 Let's try it this way. 10 There was a point in time where 11 AlixPartners had collected all the documents 12 at BLMIS, preserved them, taken them 13 offsite, correct? 14 A Correct. 15 Q Okay. 16 What was your responsibility in the 17 Madoff matter after that? 18 A So we left the 885 building on 19 June 30, 2009 when every piece of paper and 20 piece of equipment was removed and moved 21 over to the warehouse. 22 And so at that point in time, I was 23 part of winding down the estate and 24 responsible for maintaining the Trustee's 25 books and records.</p>
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<p>1 MEAGHAN SCHMIDT 2 Q In what respect? With respect to 3 the Trustee's books and records, what was 4 your role? 5 A I maintained the accounting. 6 Q And was that with respect to 7 amounts that were collected by the Trustee? 8 MS. HOANG: Objection. That's 9 outside the scope of this deposition. 10 She's here to speak specifically to 11 the documents that were identified, found 12 and located at BLMIS. 13 BY MS. ARCHER: 14 Q So let's try it this way. 15 After the collection preservation 16 and taking offsite after June 30th, did you 17 have any role or responsibility for 18 reviewing the documents that had been 19 collected from BLMIS? 20 A I would have reviewed some 21 documents, but I don't think I had a 22 specific role or designation, if you will. 23 Q Was any part of your responsibility 24 with respect to analyzing the documents that 25 were collected from BLMIS?</p>	<p>1 MEAGHAN SCHMIDT 2 A People on my team were analyzing 3 the documents, yes. 4 Q For what purpose? 5 A Purpose for determining claims. 6 Q You mentioned earlier the various 7 floors that BLMIS was on when you all were 8 in the BLMIS offices and you kept referring 9 to the 17th floor. 10 What is the significance of the 11 17th floor to you? What does that mean? 12 A The 17 floor is where the 13 investment advisory business was located 14 and operated from. 15 Q Okay. 16 Were any documents removed from any 17 of the BLMIS' offices by anyone other than 18 AlixPartners and its vendors? 19 A Yes. 20 Q Who? 21 A The FBI. 22 Q Was there a point in time where 23 documents that had been removed by the FBI 24 were provided to AlixPartners? 25 A I don't know if us specifically or</p>

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<p>1 MEAGHAN SCHMIDT 2 more generally the Trustee. 3 From what I understand, they would 4 have all been turned back over to the 5 Trustee. 6 Q Okay. 7 You mentioned earlier having taken 8 certain notes in connection with your 9 responsibility in the Madoff matter. 10 Where are those notes maintained? 11 A My office. 12 Q And you still have them all? 13 A Yes. 14 Q With respect to the specific 15 documents that you were shown today and the 16 categories of documents that those 17 represent, the types of documents that those 18 represent, did you obtain any information 19 about those documents from anyone other than 20 BLMIS employees? 21 MS. HOANG: Objection to form. 22 A At the time? 23 Q At any time. 24 A Perhaps, from my team members. 25 That would be it.</p>	<p>1 MEAGHAN SCHMIDT 2 Q So to the extent that you have any 3 information about those documents or had any 4 discussions about those documents, it would 5 have been with others from AlixPartners or 6 with BLMIS employees? 7 A Yeah. I don't recall having other 8 in-depth discussions with anybody else about 9 the substance of that. 10 Q Was it part of your responsibility 11 in connection with your role in the Madoff 12 matter to have conversations with BLMIS 13 employees for the purpose of understanding 14 what information was contained in documents 15 like the ones shown you today? 16 A Yes. 17 Q Was there a specific category of 18 documents that you had that responsibility 19 for? 20 A No. 21 Q So you had responsibility for 22 having those types of discussions with 23 respect to all documents obtained from 24 BLMIS? 25 A For me personally, it would depend</p>
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<p>1 MEAGHAN SCHMIDT 2 who I was speaking with. Everyone had a 3 different role. 4 People on the AlixPartners team 5 spoke to BLMIS employees, as well. 6 So to the extent that I happened to 7 have been speaking to an employee who 8 mentioned, you know, AMF, then I would have 9 continued down that path, but we didn't 10 segregate the team based on document type. 11 Q Did you segregate the team based on 12 primary responsibility for speaking to 13 certain BLMIS employees? 14 For example, was there a list of 15 BLMIS employees that you were responsible 16 for interviewing? 17 MS. HOANG: Objection to form. 18 A I spoke to many of the BLMIS 19 employees, so we didn't have a designation, 20 if you will, that I would only speak to this 21 limited number of employees. I spoke to 22 many of them. 23 Q And was the primary purpose of your 24 discussions with BLMIS employees to locate 25 documents that AlixPartners would then</p>	<p>1 MEAGHAN SCHMIDT 2 collect? 3 A I mean, I think our conversations 4 were knowledge acquisitions, so whether it 5 was trying to understand procedures, 6 processes and in the course of that if 7 documents were referenced, you know, we 8 would go look at them. 9 Q Is it correct that to the extent 10 you have an understanding of who created 11 certain documents, that understanding would 12 either have come from employees of BLMIS or 13 your colleagues at AlixPartners? 14 A Yes. 15 Q In connection with your -- strike 16 that. 17 Did you do anything, other than 18 preparing for and attending this deposition, 19 specifically with respect to the Merkin 20 matter? 21 A No. 22 MS. HOANG: Objection to form. 23 Q You testified earlier that you had 24 observed certain journal entries being 25 entered into a system at BLMIS.</p>

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<p>1 MEAGHAN SCHMIDT 2 Do you recall that testimony? 3 A Yes. 4 Q When were you observing journal 5 entries being entered? 6 A On December 12th or 7 December 15th, I was requesting extraction 8 of system activity and Dan Pennachio would 9 have -- he showed me how to clear the system 10 and how he would have entered an entry that 11 he would be entering into Great Plains with 12 respect to whatever account I was looking 13 at. 14 Q What's "Great Plains"? 15 A Great Plains is the accounting 16 system that we maintained financial 17 transactions for house five general ledger. 18 Q That you maintained? 19 A No. This would be maintained 20 contemporaneously by the Madoff entity in 21 December 2008. 22 Q Am I correct that there was a point 23 in time where nothing was being entered into 24 that system? No new information was 25 being entered?</p>	<p>1 MEAGHAN SCHMIDT 2 A That's correct. 3 Q So the system was frozen and it was 4 taken, essentially, by AlixPartners? 5 A Yes. That's correct. 6 Q What was the purpose of your 7 observing the entries? 8 A I was trying to understand the 9 interface in which information would have 10 been entered such that I could understand 11 the reports that I was requesting, to 12 understand the data fields that were 13 available to us, to make sure that I had a 14 complete understanding of what I was 15 testing. 16 Q And any understanding that you 17 obtained as to the data fields or the 18 information that was entered came from your 19 discussions with Mr. Pennachio? 20 A Mr. Pennachio in that example, yes. 21 Q Is that right? 22 A That's right, yes. 23 Q There were a couple of documents 24 that you were shown earlier and you were 25 testifying about the category headings that</p>
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<p>1 MEAGHAN SCHMIDT 2 were at the tops. 3 Do you recall that? 4 A Yes. 5 Q Did the information that you 6 testified about come from someone at BLMIS? 7 A Or one of my colleagues. 8 Q Okay. 9 So -- but none of the information 10 that you were testifying about was any 11 firsthand knowledge of yours? 12 A That's correct. 13 MS. ARCHER: No further 14 questions. 15 MS. HOANG: I just have a few 16 follow-up questions. 17 EXAMINATION BY MS. HOANG: 18 Q We talked about several categories 19 of documents. Some that you've identified, 20 Ms. Schmidt, and as well as Ms. Bronen, so 21 I'm not going to go through every category 22 of document. 23 I'm just going to ask you questions 24 about some of them. 25 Particularly AMF files, what you</p>	<p>1 MEAGHAN SCHMIDT 2 said was account maintenance files. 3 Do you recall that? 4 A Yes. 5 Q Okay. 6 And to the extent that account 7 maintenance files were at BLMIS, where did 8 you see them? 9 A On the 17th floor. 10 Q Okay. 11 And to the extent that account 12 maintenance files were at BLMIS' facilities, 13 what did AlixPartners do with them? 14 A Well, the 17th floor would have 15 been part of the FBI crime scene, so at some 16 point, they would have been scanned and then 17 taken to the warehouse once returned from 18 the FBI. 19 Q Okay. 20 And to the extent that account 21 maintenance files were found on any other 22 floor, what did AlixPartners do with them? 23 A If they were found on another 24 floor, they would have been scanned and 25 inventoried and removed from the premise.</p>

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<p>1 MEAGHAN SCHMIDT</p> <p>2 Q You recall discussing customer</p> <p>3 statements?</p> <p>4 A Yes.</p> <p>5 Q And where did you see customer</p> <p>6 statements?</p> <p>7 A I may have seen them on the</p> <p>8 17th floor. They may be included as part</p> <p>9 of an AMF, depending on if they were sent by</p> <p>10 a customer or something.</p> <p>11 Q And again, if customer statements</p> <p>12 were located at BLMIS, what did AlixPartners</p> <p>13 do with those statements?</p> <p>14 A They would have eventually gotten</p> <p>15 scanned and any information contained within</p> <p>16 the customer statements would have been part</p> <p>17 of electronically stored information on the</p> <p>18 AS400 or store QM, which AlixPartners</p> <p>19 preserved those electronic systems.</p> <p>20 Q And by "electronic systems," you</p> <p>21 mean the AS400 and store QM?</p> <p>22 A That's correct.</p> <p>23 Q We talked about trade</p> <p>24 confirmations.</p> <p>25 Did you see trade confirmations at</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 BLMIS?</p> <p>3 A Yes.</p> <p>4 Q Okay.</p> <p>5 And to the extent that those trade</p> <p>6 confirmations were located at BLMIS'</p> <p>7 facilities, what did AlixPartners do with</p> <p>8 them?</p> <p>9 A They would have eventually got</p> <p>10 scanned and taken to the warehouse.</p> <p>11 Q Okay.</p> <p>12 And we talked about PMTs, what you</p> <p>13 referred to as PMTs?</p> <p>14 A Yes.</p> <p>15 Q And did you see PMTs at BLMIS'</p> <p>16 facilities?</p> <p>17 A Yes.</p> <p>18 Q Okay.</p> <p>19 And to the extent they were located</p> <p>20 at BLMIS' facilities, what did AlixPartners</p> <p>21 do with those documents?</p> <p>22 A They would have been scanned, or if</p> <p>23 they were maintained electronically, those</p> <p>24 would have been preserved as part of our</p> <p>25 electronic preservation process.</p>
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<p>1 MEAGHAN SCHMIDT</p> <p>2 Q And we've talked about documents</p> <p>3 called PMRs.</p> <p>4 A Uh-huh.</p> <p>5 Q Same questions with those</p> <p>6 documents.</p> <p>7 Did you see PMRs at BLMIS'</p> <p>8 facilities?</p> <p>9 A Yes.</p> <p>10 Q And to the extent that they were</p> <p>11 located at BLMIS' facilities, what did</p> <p>12 AlixPartners do with those documents?</p> <p>13 A They would have eventually gotten</p> <p>14 scanned or they were, again, electronically</p> <p>15 preserved.</p> <p>16 Q Did you see bank records,</p> <p>17 specifically JPMorgan bank records, at</p> <p>18 BLMIS?</p> <p>19 A Yes.</p> <p>20 Q And where did you see them?</p> <p>21 A I specifically saw them when I was</p> <p>22 working on the 18th floor with the</p> <p>23 Securities & Exchange Commission.</p> <p>24 Q And to the extent that bank</p> <p>25 records, JPMorgan records, were at BLMIS'</p>	<p>1 MEAGHAN SCHMIDT</p> <p>2 facilities, what did AlixPartners do with</p> <p>3 them?</p> <p>4 A Those would have been scanned and</p> <p>5 then preserved and brought to the warehouse.</p> <p>6 Q And we talked about the Great</p> <p>7 Plains database?</p> <p>8 A Yes.</p> <p>9 Q And was that database maintained on</p> <p>10 a computer or a server at BLMIS?</p> <p>11 A They would have been maintained on</p> <p>12 a server that was locally available on the</p> <p>13 computer of Daniel Pennachio, who was the</p> <p>14 individual that I was working with at the</p> <p>15 time.</p> <p>16 Q And what did AlixPartners do with</p> <p>17 that server?</p> <p>18 A That server would have been</p> <p>19 preserved. We would have copies of the</p> <p>20 backup tapes that that system would have</p> <p>21 been held on. And to the extent anything</p> <p>22 was locally -- local to that person's</p> <p>23 computer, that computer would have been</p> <p>24 imaged.</p> <p>25 Q Okay.</p>

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<p>1 MEAGHAN SCHMIDT 2 We talked about the tax returns. 3 Do you recall that? 4 A Yes. 5 Q And where did you see tax returns 6 at BLMIS? 7 A I think they would have been 8 provided to us by Dan Bonventre or Enrica 9 Cotellessa-Pitz. 10 Q And when you say provided by either 11 Mr. Bonventre or Ms. Pitz, were they 12 provided from their offices? 13 A Yes. 14 Q At BLMIS? 15 A Yes. 16 Q Okay. 17 And to the extent that those 18 documents, the tax documents were at BLMIS, 19 what did AlixPartners do with those 20 documents? 21 A Those documents would have been 22 preserved and scanned and, ultimately, 23 removed from the premises and brought to the 24 warehouse. 25 Q You said that AlixPartners stopped</p>	<p>1 MEAGHAN SCHMIDT 2 work at BLMIS on June 30, 2009; is that 3 correct? 4 A Yes. 5 Q And at that time, were there any 6 documents belonging to BLMIS still located 7 at the -- at any of the premises occupied by 8 BLMIS? 9 A Well, AlixPartners -- June 30, 2009 10 was when the lease was up at the 885 Third 11 Avenue location. So AlixPartners packed up 12 the entire 18th and 19th floors, so 13 there were no documents left behind and we 14 literally watched the movers pack a truck 15 and met the movers at the Long Island City 16 warehouse. 17 Q And those documents that were 18 packaged were inventoried and are now stored 19 at the warehouse? 20 A Yes, and they would have been 21 previously scanned. 22 Q And is it correct that there was 23 nothing left related to BLMIS' business as 24 of that day? 25 MS. ARCHER: I'm just going to</p>
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<p>1 MEAGHAN SCHMIDT 2 place an objection to form. 3 I mean, obviously, I'm letting you 4 go on a lot of really leading 5 questions, but I feel like, at some 6 point, I need to ask you stop. 7 Feel free to go ahead, but I'm 8 objecting. 9 A Unless to the extent there was 10 anything on the 17th floor, the FBI had or 11 was there, we physically collected 12 everything that was on the premise that we 13 had control over. 14 Q Was the FBI on the 17th floor 15 after June 30, 2009? 16 A I don't believe so. 17 MS. HOANG: I have no further 18 questions. 19 MS. ARCHER: Just a few 20 follow-up. 21 FURTHER EXAMINATION 22 BY MS. ARCHER: 23 Q So with respect to AMF files that 24 Ms. Hoang asked you about, what was your 25 responsibility in terms of locating and</p>	<p>1 MEAGHAN SCHMIDT 2 collecting those files? 3 A I never collected those files. I 4 located them after having conversation with 5 Jodi Crupi and just noted where the files 6 were maintained. 7 Q And you testified earlier that they 8 were on the 17th floor. Is there a 9 specific area of the 17th floor that they 10 were kept in? 11 A Majority of them would have been 12 maintained in the filing cabinets that were 13 behind her desk area. 14 Q Did you go through those files 15 while they were in those filing cabinets? 16 A I opened some of the filing 17 cabinets, yes. 18 Q Did you open all of them? 19 A No. 20 Q Did you look at all the documents 21 in those filing cabinets? 22 A No. 23 Q Did you direct others to? 24 A No. 25 Q You stated that they were scanned</p>